

# Economics

**Standard ECON-2** The student will demonstrate an understanding of markets and the role of supply and demand in determining price and resource allocation.

**ECON-2.3** Explain economic incentives that lead to the efficient use of resources, including monetary and nonmonetary incentives, the ways in which people change their behavior in response to incentives, the relationship of incentives to the laws of supply and demand, and the role of private property as an incentive in conserving and improving scarce resources.

**Taxonomy Level:** B 2 Understand /Conceptual Knowledge

## Previous/future knowledge:

In first grade (1-2.2) students compared the ways that people use land and natural resources in different settings across the world, including the conservation of natural resources and the actions that may harm the environment. In second grade (2-5.4) students identified the relationships between trade and resources both within and among communities, including natural, human, and capital resources. Later, in third grade (3-5.1, 3-5.3) students summarized developments in industry and technology in South Carolina in the late nineteenth century and the twentieth century; and summarized the changes in South Carolina's economy in the twentieth century, including the rise and fall of the cotton/textile markets and the development of tourism and other industries. Third grade students (3-5.4, 3-5.5) also explained the impact and the causes of emigration from South Carolina and internal migration from the rural areas to the cities, including unemployment, poor sanitation and transportation services, and the lack of electricity and other modern conveniences in rural locations; and explained the effects of the Great Depression and the New Deal on daily life in South Carolina, including the widespread poverty and unemployment and the role of the Civilian Conservation Corps.

In fourth grade (4-1.1, 4-1.2) students explained the political, economic, and technological factors that led to the exploration of the New World by Spain, Portugal, and England and summarized the motivation and accomplishments of the Vikings and the Portuguese, Spanish, English, and French explorers. Also in fourth grade (4-2.3, 4-5.2) students identified the English, Spanish, and French colonies in North America and summarized the motivations for the settlement of these colonies, including freedom of worship, and economic opportunity; and explain the motives for the exploration in the West and the push for westward expansion, including the concept of manifest destiny, economic opportunities in trade, and the availability of rich land. Later, in fifth grade (5-3.1, 5-3.3) students explain how the Industrial Revolution was furthered by new inventions and technologies, including new methods of mass production and transportation and the invention of the light bulb, the telegraph, and the telephone; and explain the effects of immigration and urbanization on the American economy during the Industrial Revolution, including the role of immigrants in the work force and the growth of cities, the shift from an agrarian to an industrial economy, and the rise of big business. Fifth grade students (5-3.4, 5-3.5) also will summarize the significance of large-scale immigration and the contributions of immigrants to America in the early 1900s and explain how building cities and industries led to progressive reforms, including labor reforms, business reforms, and Prohibition. Also in fifth grade (5-6.2, 5-6.3) students explain how humans change the physical environment of regions

and the consequences of such changes, including use of natural resources and the expansion of transportation systems; and explain how technological innovations have changed daily life in the United States since the early 1990s, including changes in the economy and the culture that were brought about by computers, electronics, satellites, and mass communication systems. As well, fifth grade students (5-6.4) identify examples of cultural exchange between the United States and other countries that illustrate the importance of popular culture and the influence of American popular culture in other places in the world, including music, fashion, food, and movies.

In seventh grade (7-7.3) students explain global influences on the environment, including the effects of increases in population, the growth of cities, and efforts by citizens and governments to protect the natural environment.

In High School (USHC- 5.1, USHC-5.2) students will summarize developments in business and industry, including the ascent of new industries, the rise of corporations through monopolies and corporate mergers; and summarize the factors that influenced the economic growth of the United States and its emergence as an industrial power. United States History students (USHC-5.3, USHC- 5.4) will also explain the transformation of America from an agrarian to an industrial economy and analyze the rise of the labor movement. These students (USHC- 5.5, USHC-5.6) will later explain the causes and effects of urbanization in late nineteenth-century America; and explain the influx of immigrants into the United States in the late nineteenth century in relation to the specific economic, political, and social changes that resulted.

### **Future Knowledge**

While no future knowledge is required students must have a basic understanding of incentives and how incentives impact individual and social outcomes. An understanding of resource use and the nature of incentives provides individuals with important knowledge that will impact future choices and decisions that individuals will make throughout their lives.

### **It is essential for students to know**

Students must know the four major categories of resource use and understand examples of each type of resource. Students must understand how these resources are used in the production process of any good or service. Students should further understand examples of resource scarcity; endangered species, water, land etc. It is also essential for students to understand the incentives of resource use; particularly that private property, in general, encourages conservation and improvement. Examples of conservation versus improper resource use are important.

Students should also understand the difference between positive and negative incentives. It is essential for students to know examples of how individuals and groups respond to incentives and how incentives are inherent in the market structure, especially within the role of price and the profit motive.

### **It is not essential for students to know**

Students do not need to understand positive and negative externalities. It is also not essential for students to be able to calculate or graphically illustrate producer and consumer surplus.

**Assessment guidelines:**

Appropriate assessment requires students to ***explain*** the factors of production (resources) utilized in the production of goods and services; therefore, the primary focus of assessment should be for students to ***explain*** and ***exemplify*** the factors of production used in our economy. However, appropriate assessments should also require students to ***recall*** the role of incentives in a market economy and to further ***clarify*** the relationship between incentives and the law of supply and demand, private property, and the use and conservation of resources.